
HOUSE BILL 1032

State of Washington 60th Legislature 2007 Regular Session

By Representatives Morris, Hudgins, Anderson, Wallace, Moeller, B. Sullivan and Chase

Prefiled 12/27/2006. Read first time 01/08/2007. Referred to Committee on Technology, Energy & Communications.

1 AN ACT Relating to creating a sustainable energy trust; reenacting
2 and amending RCW 43.79A.040; and adding a new chapter to Title 43 RCW.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** The legislature intends to promote the
5 development of sustainable energy resources, including new energy
6 technologies, and to improve system reliability by establishing a fund
7 that can be used to reduce the cost of deploying distributive
8 generation projects in the state.

9 NEW SECTION. **Sec. 2.** The definitions in this section apply
10 throughout this chapter unless the context clearly requires otherwise.

11 (1) "Department" means the energy policy division of the department
12 of community, trade, and economic development.

13 (2) "Distributive generation" means generation below one megawatt
14 that is connected to the distribution transmission of an electric
15 utility.

16 (3) "Renewable energy" means solar energy, wind, ocean thermal
17 energy, wave or tidal energy, fuel cells, landfill gas and low emission
18 advanced biomass conversion technologies, and other energy resources

1 and emerging technologies that have significant potential for
2 commercialization and that do not involve the combustion of coal,
3 petroleum or petroleum products, municipal solid waste, or nuclear
4 fission.

5 NEW SECTION. **Sec. 3.** (1) All electric and natural gas companies
6 must collect a system benefit charge from all of the retail electricity
7 consumers within its service area for a period of ten years. The
8 monthly charge is as follows:

9 (a) Five cents per month on each account for residential electric
10 service;

11 (b) Five cents per month on each account for residential natural
12 gas service;

13 (c) Fifty cents per month on each account for nonresidential
14 electric service that has less than ten megawatts of peak demand during
15 the previous calendar year;

16 (d) Thirty-seven dollars and fifty cents per month on each account
17 for nonresidential electric service that had ten megawatts or greater
18 of peak demand during the previous calendar year; and

19 (e) Thirty-seven dollars and fifty cents per month on each account
20 for nonresidential natural gas service that had ten megawatts or
21 greater of peak demand during the previous calendar year.

22 (2) Funds collected by an electric or natural gas company through
23 system benefit charges must be deposited in the sustainable energy
24 trust fund created in section 4 of this act.

25 NEW SECTION. **Sec. 4.** The sustainable energy trust fund is created
26 in the custody of the state treasurer. Expenditures from the fund may
27 be used only to fund distributive generation projects as authorized in
28 this chapter. Only the department may authorize expenditures from the
29 fund, which consist of system benefit charge funds collected under
30 section 3 of this act. The account is subject to allotment procedures
31 under chapter 43.88 RCW, but an appropriation is not required for
32 expenditures.

33 NEW SECTION. **Sec. 5.** (1) There is established in the department
34 a sustainable energy grant program to support sustainable energy
35 projects in the state. The purpose of the program is to foster the

1 growth, development, and commercialization of distributive generation
2 projects and related enterprises and to stimulate demand for
3 distributive generation sources that serve end use customers in this
4 state.

5 (2) The department may accept grant proposals and establish a
6 competitive process for the awarding of grants. In administering the
7 grant program, the department shall:

8 (a) Develop criteria for the awarding of grants to qualifying
9 businesses, institutions, or individuals;

10 (b) Make decisions regarding distribution of grant funds and make
11 grant awards; and

12 (c) Seek to provide a balance between research grant awards and the
13 grants that support the manufacture, commercialization, deployment, and
14 installation of distributive generation technologies.

15 (3) In the awarding of grants, the department shall give priority
16 to proposals that leverage additional private and public funding
17 resources.

18 (4) The department may not be a direct recipient of grant awards
19 under this chapter.

20 NEW SECTION. **Sec. 6.** The department must establish a peer review
21 committee to assist the department in matters related to the
22 sustainable energy trust fund including, but not limited to,
23 development of a comprehensive plan and expenditure of funds.
24 Membership must include staff of the department, scientists, engineers,
25 and individuals with specific recognized expertise. The peer review
26 committee must provide to the department an independent review of all
27 grant proposals submitted to the department that are determined to be
28 competitive for a grant award.

29 NEW SECTION. **Sec. 7.** The department must establish performance
30 benchmarks against which the sustainable energy grant program will be
31 evaluated. The grant program must be reviewed periodically by the
32 department. The department must report annually to the appropriate
33 standing committees of the legislature on grants awarded and as
34 appropriate on program review conducted by the department.

1 NEW SECTION. **Sec. 8.** (1) The department must administer the
2 sustainable energy grant program.

3 (2) No more than one percent of the available funds may be used for
4 administrative costs of the program.

5 **Sec. 9.** RCW 43.79A.040 and 2006 c 311 s 21 and 2006 c 120 s 2 are
6 each reenacted and amended to read as follows:

7 (1) Money in the treasurer's trust fund may be deposited, invested,
8 and reinvested by the state treasurer in accordance with RCW 43.84.080
9 in the same manner and to the same extent as if the money were in the
10 state treasury.

11 (2) All income received from investment of the treasurer's trust
12 fund shall be set aside in an account in the treasury trust fund to be
13 known as the investment income account.

14 (3) The investment income account may be utilized for the payment
15 of purchased banking services on behalf of treasurer's trust funds
16 including, but not limited to, depository, safekeeping, and
17 disbursement functions for the state treasurer or affected state
18 agencies. The investment income account is subject in all respects to
19 chapter 43.88 RCW, but no appropriation is required for payments to
20 financial institutions. Payments shall occur prior to distribution of
21 earnings set forth in subsection (4) of this section.

22 (4)(a) Monthly, the state treasurer shall distribute the earnings
23 credited to the investment income account to the state general fund
24 except under (b) and (c) of this subsection.

25 (b) The following accounts and funds shall receive their
26 proportionate share of earnings based upon each account's or fund's
27 average daily balance for the period: The Washington promise
28 scholarship account, the college savings program account, the
29 Washington advanced college tuition payment program account, the
30 agricultural local fund, the American Indian scholarship endowment
31 fund, the foster care scholarship endowment fund, the foster care
32 endowed scholarship trust fund, the students with dependents grant
33 account, the basic health plan self-insurance reserve account, the
34 contract harvesting revolving account, the Washington state combined
35 fund drive account, the commemorative works account, the Washington
36 international exchange scholarship endowment fund, the developmental
37 disabilities endowment trust fund, the energy account, the fair fund,

1 the fruit and vegetable inspection account, the future teachers
2 conditional scholarship account, the game farm alternative account, the
3 grain inspection revolving fund, the juvenile accountability incentive
4 account, the law enforcement officers' and fire fighters' plan 2
5 expense fund, the local tourism promotion account, the produce railcar
6 pool account, the regional transportation investment district account,
7 the rural rehabilitation account, the stadium and exhibition center
8 account, the youth athletic facility account, the self-insurance
9 revolving fund, the sulfur dioxide abatement account, the children's
10 trust fund, the Washington horse racing commission Washington bred
11 owners' bonus fund account, the Washington horse racing commission
12 class C purse fund account, the individual development account program
13 account, the Washington horse racing commission operating account
14 (earnings from the Washington horse racing commission operating account
15 must be credited to the Washington horse racing commission class C
16 purse fund account), the life sciences discovery fund, (~~and~~) the
17 reading achievement account, and the sustainable energy trust fund.
18 However, the earnings to be distributed shall first be reduced by the
19 allocation to the state treasurer's service fund pursuant to RCW
20 43.08.190.

21 (c) The following accounts and funds shall receive eighty percent
22 of their proportionate share of earnings based upon each account's or
23 fund's average daily balance for the period: The advanced right of way
24 revolving fund, the advanced environmental mitigation revolving
25 account, the city and county advance right-of-way revolving fund, the
26 federal narcotics asset forfeitures account, the high occupancy vehicle
27 account, the local rail service assistance account, and the
28 miscellaneous transportation programs account.

29 (5) In conformance with Article II, section 37 of the state
30 Constitution, no trust accounts or funds shall be allocated earnings
31 without the specific affirmative directive of this section.

32 NEW SECTION. **Sec. 10.** Sections 1 through 8 of this act constitute
33 a new chapter in Title 43 RCW.

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